UNITED
NATIONS

E

Economic and Social
Council

GENERAL

E/ECE/1272
9 March 1993

Original: ENGLISH

ECONOMIC COMMISSION FOR EUROPE

Forty-eighth session
(Provisional Agenda item 3)

COMMISSION'S ACTIVITIES DESIGNED TO ASSIST COUNTRIES OF THE REGION IN TRANSITION TO A MARKET ECONOMY AND THEIR INTEGRATION WITH THE EUROPEAN AND GLOBAL ECONOMY

BACKGROUND

1. In April 1990 the Commission, in its decision D (45), took account of the fact that the recent and current developments in Europe had modified in varying ways the characteristics and functioning of the societies and economies of the region. Given the composition of the ECE and the nature of the cooperation which it implements, the Commission concluded that it had a role to play in assisting the transition to a market economy. Accordingly it requested the Executive Secretary to present a number of practical themes for workshops to respond to the different aspects of the transition process. It also called on the Senior Economic Advisers to ECE Governments to discuss those themes at their next session. Decision D (45) marked the beginning of the Commission's efforts to provide a supportive framework within the ECE to assist countries of the region which were in transition to a market economy and to facilitate their integration into the European and world economy.

2. In December 1990 the Commission adopted decision O (45) in which it decided not only to prioritize its programme of work but also to adjust its work methods, goals and structures to reflect the nature of the transition process. It noted that its work in priority sectors contributed significantly to promoting reform and integration or reintegration of the economies in transition, and it accorded higher priority to analytical work on the nature and difficulties of the transition process. It went on to observe that the benefits initially sought by countries in transition were contacts and technical and policy advice, and that transition-related activities, if they were to serve a real purpose, should be topical, timely, useful, economical

GE.93-20825

and non-duplicative. The Commission also cited examples of workshop themes for all sectors of its work.

3. At the request of the Commission the Senior Economic Advisers at their twenty-sixth session in May/June 1990 discussed practical themes for workshops that might be proposed to other Principal Subsidiary Bodies using, whenever possible, an interdisciplinary approach (see ECE/EC.AD/36, Annex II). Similarly, at its fifty-first session in October 1990 the Committee on Housing, Building and Planning elaborated guidelines for the organization of workshops on transition in the field of human settlements (see ECE/HBP/80, Annex II).

4. In its decision B (46), adopted in April 1991, the Commission stressed the importance it attached to the promotion of the process of economic reform and transition to a market economy in the countries of central and eastern Europe and requested its subsidiary bodies to contribute to the preparation of practical workshops on the transition process. It also reaffirmed the need for high-quality observation and analysis of the development of economies in the region, particularly in central and eastern Europe, in order to promote the process of economic reform and to integrate the economies in transition into the global economy.

5. In April 1992 the Commission, in its decision D (47), reaffirmed the importance which it attached to the promotion of the process of economic reform and transition to market economies in countries of central and eastern Europe, and underlined that this process met the interest of all ECE member countries. It reiterated that work in priority sectors contributed significantly to the transition process, and that in other areas the primary work methods employed to address the transition process should be informal fora such as workshops. It expressed satisfaction with work already done and confirmed its readiness to encourage, within existing resources, the process of transition, and it invited Governments, international institutions and private donors to examine possibilities to finance the workshops on transition. It invited its subsidiary bodies to continue to contribute to the programme of workshops, and also invited the Executive Secretary to prepare a comprehensive study evaluating the results of the workshops to be submitted to the Ad Hoc Informal Meeting of the Commission with a view to preparing concrete recommendations concerning the organization and methodology of future workshops for the next annual session. The present report constitutes an initial response to that request.

REGULAR PROGRAMME ACTIVITIES

6. In response to the provisions of Commission decisions D (45), O (45), B (46) and D (47), the programmes of work adopted by ECE subsidiary bodies have to an increasing extent incorporated activities designed to meet the needs of the countries in transition. Whereas in the past those programmes focused largely on the exchange of information and promotion of cooperation, increasing emphasis is now placed on the analysis of the nature and difficulties of the transition process and on policy questions, reform reviews and assistance needs.

7. These activities range from work on the development of infrastructure, guides on important aspects of the reform process, such as privatization and property rights, standardization and legal instruments to promote integration into the region as a whole and special programmes of assistance.

8. The ECE has augmented its work in promoting the integration of infrastructure networks in the form of operational projects on trans-European motorways (TEM) and trans-European railways (TER) including combined transport, as well as the interconnection of electric power grids and the development of regionwide gas pipeline systems. Innovative approaches have been adopted in the recently launched ECE programme "Energy Efficiency 2000" which aims at narrowing the serious east-west energy efficiency gap.

9. Activities designed to promote integration and cooperation at the micro-economic level have also intensified, providing the business community with practical guides and handbooks on joint ventures, private investment, legal aspects of privatization and property rights, etc., which are of particular interest for the transformation process in eastern Europe and the former Soviet Union.

10. The record of ECE conventions and agreements is impressive in the fields of transport and environment. It includes such important instruments as agreements on transport infrastructure networks of roads, railways and combined transport lines, the well-known TIR Convention, the Convention on Long-range Transboundary Air Pollution with its Protocols on Sulphur Dioxide, Nitrogen Oxide and Volatile Organic Compounds, and the Conventions on Environmental Impact Assessment, on Industrial Accidents and on Transboundary Waters. This has proved a more cost-effective method than the elaboration of such instruments through traditional diplomatic negotiations and conferences.

11. In the area of standardization and harmonization of rules and regulations on a region-wide scale the ECE has made important progress in its work on trade facilitation including UN/EDIFACT (i.e. the computerization of trade and transport documents and information), construction of vehicles, transport of dangerous goods, harmonization and simplification of frontier and customs formalities, standardization of agricultural products, and others.

12. An example of special programmes of assistance to the countries in transition is the proposal for assistance to economies in transition in the area of trade facilitation and UN/EDIFACT which was submitted to the Working Party on Facilitation of International Trade Procedures in September 1992 and to the Committee on the Development of Trade in December 1992. The Working Party will revert to this subject in March 1993.

13. The ECE transport regional adviser has also responded to requests from a number of countries in transition by providing services in the field on a range of issues concerning transport policy and technology. The adviser is the only one redeployed to the ECE in the framework of the exercise carried out to implement Assembly resolution 32/197 concerning the decentralization of UN activities in the economic and social fields. The services of advisers in other sectors of the ECE programme of work would be of great benefit to the countries in transition. There are currently more than 80 regional advisers at UN Headquarters and some 50 located in the other regional commissions.

14. All Principal Subsidiary Bodies have carefully reviewed their role in the new economic context and in the light of developments in the region, and have revised their terms of reference accordingly.

15. The Conference of European Statisticians, for example, in 1992 agreed on the five elements of its "transition policy". That policy specifies the role of the Conference in the range of international efforts to assist the countries concerned in their transition to a statistical system that is adapted to the needs of a market economy.

16. The Senior Advisers on Environmental and Water Problems, taking into account the outcome of the 1989 Sofia CSCE Meeting on the protection of the environment and in close cooperation with OECD, are engaged in promoting environmentally sound management of toxic chemicals, in particular in countries in transition.

17. In January 1992 the Timber Committee established a separate programme element to cover all its assistance to countries in transition in the forest and forest products sector. An informal FAO/ECE meeting on strategies for assistance to countries in transition held in Ossiach (Austria) in October 1992 drew up a concise concept of programme areas, themes and priorities for further assistance which was endorsed by the Committee.

18. Many of the elements in the programme of work of the Committee on Energy, and in particular those dealing with reforms overviews, policy evaluation, information transfer and demonstration projects, are of special interest to the countries in transition.

19. In 1992 the Committee on Human Settlements revised its terms of reference to focus on two primary objectives, namely assistance to countries in transition and sustainable development. The Committee has been very active in the organization of workshops for the countries in transition.

PROGRAMME OF WORKSHOPS

20. The most visible response of the ECE to the provisions of decisions D (45), O (45), B (46) and D (47) has been the programme of workshops. The programme's usefulness and relevance have been underscored by the recent admission to the ECE of a significant number of countries in transition. In the past year ECE membership has risen from 34 to 44 countries, including 17 with economies in transition. In addition ECE member States have welcomed the applications of five new countries in transition which are likely to be admitted to the ECE in the course of 1993. As a result, countries in transition will shortly account for 45% of ECE membership. In response to the growing needs of these countries the ECE programme of workshops was launched in May 1990.

21. The primary objective of the programme has been to provide an informal forum for discussion of those aspects of the transition process which are of immediate concern to the economies in transition. It has sought to provide timely and practical assistance to Governments seeking to adjust their institutions, policies and methods to conform to the needs of an economic

society whose basic decisions are determined by markets rather than by command.

22. The themes chosen for the workshops correspond closely to those listed in decision O (45), such as privatization, restructuring of state enterprises, the promotion of SMEs, trade and investment, promotion of foreign direct investments, industrial upgrading, managing new technologies, sustainable development, pricing policies, efficient use of energy, quality control, development of housing markets and the adaptation of transport enterprises. For more detailed information delegations should consult the quarterly list of workshops issued by the secretariat and the two workshop summary issues contained in ECE/INFO/1/92 and ECE/INFO/3/92.

23. Since the programme began a total of 74 workshops have been held mainly in the sectors of energy, transport, statistics, human settlements, industrial development and agriculture and timber and, to a lesser extent, in trade, environment and economic analysis. A measure of the success of the workshop programme is the continuously growing demand placed on the ECE secretariat for assistance in organizing such events. Nine were held in 1990, 28 in 1991, 34 in 1992 and 53 are currently under preparation for 1993 and 1994. They usually include on the one hand governmental experts and experts of international institutions, and in some cases decision-makers, and on the other hand private sector and industry representatives as well as members of the academic community. In addition to the discussion of key topics, the workshops also provide an opportunity for valuable contacts between governmental officials as well as representatives of industry and the business community. To a large extent the effectiveness of the workshops depends upon the correct choice of participants, a decision which rests largely with member Governments in consultation with the secretariat. That choice should be made in the knowledge that the workshops are intended to provide an active dialogue between western and eastern experts rather than a passive transfer of information.

24. To the extent possible the workshops are held in the countries in transition. This enables a wider audience in those countries to benefit from the meetings and makes it easier to target end-users. Fifty-three workshops have to date been hosted by countries in transition, with 14 in Romania, 11 in Hungary and 12 in the former Czechoslovakia. Others have been held in Belarus, Bulgaria, Poland and Russia. In all, 16 countries have hosted workshops. Albania, Slovenia and Ukraine as well as Turkey, Cyprus, Malta and Israel are preparing to host workshops in 1993 or 1994. Although more difficult to organize and generally more costly, workshops held in market-economy countries prove effective in providing first-hand information on how matters are run in a market environment. In such cases the workshops can be combined with study tours.

25. One of the keys to the success of the programme has been its flexibility, in responding quickly and effectively to the special needs of the countries in transition. Nonetheless the methods used are governed largely by the guidelines established by the Commission. The themes chosen are practical and specific. Their topicality is assured since they focus on subjects pertinent to the real needs of the countries in transition. In most cases the initiative to hold a workshop is taken by a host Government which exercises a

decisive influence on the topic chosen. They are thus demand-driven and not imposed by other Governments or by the secretariat.

26. Since the major responsibility for organizing workshops rests with the host Government, the secretariat plays a supporting role. It acts as a match-maker in bringing together the host Government, potential sponsors and expert speakers, and provides substantive backstopping for the meetings. It also gives essential support to the preparations of the workshops, assists in the elaboration of concept and programme, and helps the host Government to formulate conclusions, recommendations and reports of the meeting. Experience has shown that most workshops have required considerable technical input from the secretariat.

27. The workshops are timely in the sense that they can be organized at short notice – unlike formal meetings – while the issue is still being addressed. They are useful inasmuch as they are of topical interest to the parties actually dealing with the issue and provide answers to the questions of end-users, including policy-makers, in the countries in transition. As informal meetings they are free from the set procedures of United Nations meetings with agendas, slow calendars, full language services, extensive documentation and high meeting-costs. This freedom also leaves room for imaginative approaches to meet needs with limited resources. The workshops are brief, lasting usually no more than two days, thus economizing on the time of governmental and non-governmental participants. To ensure the most effective use of the limited time, discussion focuses on a limited number of topics and, wherever possible, small working groups are set up to increase the sense of involvement of the participants. For these many reasons they are economical in making effective use of very limited resources.

28. Every effort has also been made to ensure close cooperation wherever possible with other international organizations and institutions in the region; ten have already participated in the programme, some on several occasions (OECD, CEC, including EUROSTAT, UNDP, WHO, IMF, GATT, ITC, UNIDO, UNCHS). This approach helps to avoid duplication of work already organized in other fora.

29. A special feature of the workshops is that they attract a mixed audience of end-users. In general, the host organizers are responsible for selecting and inviting the audience. While the majority of participants are from the host country, most workshops are intended to draw an audience from as many countries in transition as possible, as well as from a number of developed market-economy countries. Attendance ranges from 30 to 100 participants, depending upon the type and purpose of the workshop.

30. While in certain sectors workshops have been organized systematically, focusing on related themes and occasionally with a "roving" workshop repeated in several countries, the same is less true in other sectors where there has been less direct linkage between workshop themes. It must be noted that, as indicated above, the decision to hold a workshop and the definition of its theme is demand-driven and is not necessarily tied directly to the Commission's programme of work and calendar of events, although they do as a rule relate to the work under way in the respective Principal Subsidiary

Bodies. The flexibility of the programme of workshops, including the choice of topic, its treatment and its timing, is one of its principal strengths.

31. The absence of reliable sources of funding for the programme has meant that it is not possible to plan workshops in a more systematic fashion. Each workshop proposal has entailed a search for funds and donors, and only those which have been successful in attracting funds have taken place. Although this number is considerable, it has been an improvised process with a significant degree of random selection. A sounder financial basis for the programme would also enhance its coherence.

32. As indicated above, the funding of workshops has come from many and varied sources. Nonetheless, the major burden has fallen on the countries in transition themselves, which could have expected to be beneficiaries of the programme. They have sometimes been supported by grants from local authorities and/or industries. Bilateral contributions in cash or kind from Government and private sponsors in market-economy countries have also been made. In a few cases funding for participants from countries in transition has been made available by international organizations. A small number of ECE Governments have also contributed funds to assist the programme.

33. The transition countries' lack of funds in general, and of hard currency in particular, has made it exceedingly difficult for them to host workshops and to finance the participation of their representatives. The Commission's decision not to use ECE regular budgetary resources for the programme has also created difficulties for the participation of the secretariat. While in some cases it has proved possible to attract sponsors, this may become more difficult as bilateral or multilateral assistance programmes run by western Governments and other international organizations become more established. They provide funds which are often earmarked and therefore not available to support ECE activities. Moreover the growing need for financial support to enable countries in transition to attend regular ECE meetings creates further competition for scarce resources. In 1992 a number of countries in transition, especially new member States, experienced growing difficulty in attending ECE regular meetings.

34. In the belief that the integration of the countries of central and eastern Europe and the former Soviet Union that are in transition to a market economy into the international community depends to a considerable extent upon their capacity to participate in the meetings of international organizations such as the ECE, the secretariat has established a UN/ECE Trust Fund for Assistance to Countries in Transition. In doing so the secretariat was mindful of Commission resolution 1 (1992-S) in which member States expressed their conviction that it was necessary to ensure that all ECE member States could participate fully and effectively in the work of ECE.

35. The Trust Fund provides a channel through which Governments, international organizations, institutions and other donors may contribute funds to help the countries in transition and newly independent States to defray the costs of their participation in ECE meetings, including its programme of workshops. Donors may indicate the specific area of work, activities, meetings or purposes for which they wish their contribution to be

earmarked within the broad framework of the Fund, or the country or countries for which the contribution is intended.

36. The secretariat carefully matches the requests for assistance received from countries in transition with the funds contributed, taking into account the conditions set by donors. It arranges for the issuance of travel authorizations, tickets and local cost vouchers as appropriate. It does so either directly with the requesting authority in the country concerned or through the Permanent Mission in Geneva. The opening of the UN/ECE Trust Fund is intended to relieve donors of the considerable work involved in matching requests with available donations, issuing travel documents, making payments and maintaining accounts.

37. To date contributions to the Fund have been received from Canada, Norway and Sweden. The Canadian contribution is earmarked for workshops in the sectors of environment, energy and forestry, while the other contributions are for ECE work in the field of environment. To supplement the ECE Trust Fund the Commission of the European Communities has also pledged 20,000 ecus to support the participation of countries in transition in the programme of workshops.

PRELIMINARY CONCLUSIONS

38. The relatively short period since May 1990 during which workshops have been organized, and the limited number held in any one sector or country, makes it difficult to draw more than preliminary conclusions for the programme at this time. Compared to other avenues for channelling assistance to the economies in transition, workshops have proved to be less costly and time consuming. Their informality permits a "tailor-made" response to perceived needs and target audiences.

39. Generally the workshops have been well received by the countries in transition, as is evidenced from participation and the requests received for future workshops. Some 53 are under discussion or being planned for the next two years. Nine countries which have not done so before have offered to host workshops. Particularly encouraging is the fact that countries which have already hosted a number of workshops are willing to do so again despite the costs involved.

40. Attention must also be paid to the need to ensure that the right persons are designated to attend the workshops. It is important that participants be from public or private sectors and agencies which actually deal with the issues under discussion, rather than that they attend in a representational capacity. This is especially true if a request is made for financial assistance for their participation.

41. As the programme evolves however a mechanism for the systematic evaluation of the impact of workshops, their carry-over to other ECE activities, their products in terms of case studies, reports and recommendations, their overall benefits for individual countries in transition and for that group of countries as a whole becomes a necessity. The secretariat holds regular meetings among staff responsible for the workshops during which the evaluation of meetings held and the organization of

forthcoming meetings is discussed. These meetings will be developed into a regular evaluation process, which will be conducted in close consultation with the bureaux of the Principal Subsidiary Bodies. The secretariat will report periodically to the Ad Hoc Informal Meetings of the Commission on the findings and recommendations emerging from this process.

42. In their assessment of the workshops, representatives of countries in transition have expressed satisfaction with the results achieved, noting that they have been instrumental in analysing specific problems and providing possible solutions. They have at the same time expressed special interest in pursuing further steps of practical assistance either as a direct follow-up to issues raised in the workshops or as different means of tackling other urgent practical problems. This expanded form of assistance could take two forms.

43. Firstly the ECE programme of workshops could be complemented by expert advisory services. This would entail missions to individual countries in transition by an expert or a small team of experts in very specific topics identified by the countries in transition or during the workshops. These services would cover such topics as the development of EDIFACT, transport infrastructure, energy conservation, low- and non-waste technology and low-cost housing. The missions would aim to bring western experts face to face with national experts and policy-makers. An increase in the number of regional advisers (see paragraph 13 above) redeployed from UN Headquarters to the ECE would be of great benefit in this context. The ECE secretariat could also play a significant role in developing a roster of experts from various sources, including volunteers from amongst its intergovernmental bodies, its former staff and consultants and through such programmes as UN Volunteers, UNDP/UNISTAR and TOKTEN. Short-term secondments of ECE staff to the integrated UN country offices in the countries in transition, with the financial support of UNDP, could also be envisaged. ECE could also serve as a clearing-house in assessing and securing the services of experts for advisory missions in close cooperation with United Nations programmes such as DESD, ITC, UNIDO and UNDP.

44. Secondly, the ECE could arrange for and assist in training courses for nationals of countries in transition, again focusing on issues identified by those countries or emerging from workshops. While not a vocational training centre, the ECE secretariat could provide technical back-stopping for such programmes as has already been the case in such areas as the management of joint ventures, the use of new technologies, human settlements, the steel industry and energy, where training topics have figured among the outputs of workshops and other ECE meetings. This form of training could also include retraining associated with the restructuring of industries and the training of trainers to reinforce national capacity building in the countries in transition. Such training could take place in established training centres preferably in the countries in transition. The ECE secretariat could also assist in finding the trainers either from United Nations organizations (such as the ILO, ITC, UNIDO, UNCHS, etc.), other institutions or member Governments with expertise in training or from the private sector.

45. Steps must also be taken to familiarize new ECE member States with the work of international organizations in general and of the ECE in particular. Despite efforts by the secretariat to transmit to their capitals documentation

and correspondence concerning the work of the Commission, progress in incorporating them into ECE activities has been slow. In some cases members of the secretariat have visited these countries and disseminated information about their sector. There is however a need for a more extensive systematic briefing for these Governments on the ECE programme of work as a whole and the functioning of the Commission. The secretariat therefore proposes to organize a symposium for the new members of the Commission for the purpose of informing them more thoroughly of the work of ECE and the benefits they can derive from participation in these activities. Government support for the symposium would be essential.

46. There is also a growing need for a coordinated approach to the United Nations' provision of assistance to the countries in transition. Currently many of these countries are receiving aid assistance from various sources which exceeds their absorptive capacity and which often does not correspond to their needs. The ECE could be considered as the focal point within the United Nations for the coordination of the programme of assistance to the countries in transition in the region.

47. While strong efforts have been made to encourage cooperation with other international organizations in running the programme, experience shows that other fora continue to hold meetings on similar subjects in the countries of the ECE region. It is therefore essential that at both the governmental and secretariat levels cooperation with other organizations be intensified in the organization of workshops.

48. Commission resolution 1 (1992-S) on the strengthening of the ECE adopted on 5 October 1992 stressed the need to explore ways and means of releasing and obtaining adequate resources for the ECE programme in favour of the countries in transition. The current wish of member States that ECE regular budgetary resources should not be used for the workshops has meant that the programme is entirely dependent upon extra-budgetary resources. The secretariat has little experience and time for fund raising. The management of the programme to date has resulted from impromptu and spontaneous actions as referred to above on the occasion of each workshop to provide essential funds without which the programme cannot proceed. The increased membership of the Commission and the difficult conditions in the new member States create new challenges for, and make new demands upon, the workshop programme. Every encouragement should be given to member Governments, international organizations and institutions, as well as other potential donors, to contribute to the ECE Trust Fund established for this purpose. With that in mind, delegations may wish to hold consultations with the participation of the secretariat to discuss ways in which ECE activities in favour of the countries in transition and the facilities of the Trust Fund could be enhanced in order to attract more contributions in cash or in kind to support the ECE programme.